

Message Text

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20

ACTION COME-00

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 STR-08 PA-03 PRS-01 USIA-15

RSR-01 /113 W

----- 061022

R 270905Z AUG 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9746

INFO AMEMBASSY TOKYO

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FOR COMMERCE

E.O. 11652: N/A

TAGS: BEXP, KS

SUBJECT: SSANG YONG CEMENT

REF: A) SEOUL 3346 B) STATE 169235

1. COMMERCIAL COUNSELOR CALLED UPON LEE, SUNG WAN, EXECUTIVE DIRECTOR, SSANG YONG CEMENT, TO DISCUSS STORIES, INCLUDING PRESS REPORTS, CIRCULATING IN SEOUL CONCERNING SSANG YONG INTENTION PURCHASE JAPANESE EQUIPMENT. LEE STATED TECHNICAL STUDIES FOR NEW PLANT WERE NOT YET FINISHED AND NO DESIGN HAS BEEN DECIDED UPON. HE STATED NO DECISION ON SUPPLIER HAS YET BEEN MADE.

2. COMMERCIAL COUNSELOR POINTED OUT MANY ADVANTAGES EXIM FINANCING, INCLUDING 15 PERCENT LOCAL COST GUARANTEE AND EXEMPTION FROM IMF BORROWING CEILINGS FOR EXIM LOANS. LEE REPLIED THAT HE WAS CONSIDERING U.S. SUPPLIER (FULLER) AND EXIM FINANCING WOULD BE NECESSARY
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IF FULLER AWARDED CONTRACT. LEE DID NOT RESPOND TO

SUGGESTION HE APPLY FOR PC/C NOW.

3. COMMERCE REF B IS CORRECT IN STATING FINANCIAL PACKAGE WILL BE VERY IMPORTANT CONSIDERATION. AGENTS FOR JAPANESE CONSORTIUM, (MITSUBISHI, MARUBENI, MITSUBISHI INTERNATIONAL AND MARUBENI INTERNATIONAL) HAVE REPORTEDLY OFFERED GENEROUS TERMS, INCLUDING 3 YEARS' GRACE, 10-YEAR REPAYMENT AND WORKING CAPITAL LOAN OF US \$20 MIL-LION IN ADDITION TO EQUIPMENT COSTS. JAPANESE HAVE ALSO OFFERED PURCHASE CEMENT PRODUCTION AS PART OF PACKAGE. AS COMMERCE AZGRE, KOREA CEMENT INDUSTRY EXPANSION DEPENDS UPON INCREASED EXPORTS, PARTICULARLY TO JAPAN. BUT EMBASSY DOUBTS JAPANESE EXPORT-IMPORT BANK WOULD OFFER SUCH TERMS.

4. WHILE WE HAVE BEEN UNABLE CONFIRM IDENTITY AGENT FOR JAPANESE CONSORTIUM, FULLER SPECULATION, PARA 3, REF (B) APPEARS REASONABLE AS PRICE VARIATION IS SUBSTANTIAL AND DIFFICULT JUSTIFY ON ANY OTHER BASIS.

5. EMBASSY WILL CONTINUE TO FOLLOW THIS PROJECT AND WILL REPORT ADDITIONAL INFORMATION AS AVAILABLE.
DECLAS 8/23/74.
ADLER

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NNN

Message Attributes

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EO Systematic Review
30 JUN 2005

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